

BEFORE THE
Federal Communications Commission

MAR 10 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Telephone Number Portability)

) CC Docket No. 95-116

REPLY COMMENTS OF SOUTHWESTERN BELL MOBILE SYSTEMS,
INC., AND PACIFIC BELL MOBILE SERVICES

Southwestern Bell Mobile Systems, Inc., and Pacific Bell Mobile Services

(collectively "SBMS") file these Reply Comments in support of the Petition for Forbearance of the Cellular Telecommunications Industry association ("CTIA"), concerning the Federal Communications Commission ("Commission") requirement that commercial mobile radio services ("CMRS") providers implement service provider number portability.

The significant majority of commenting parties and the overwhelming weight of the evidence provided in this proceeding support CTIA's Petition for Forbearance.¹ The contrast between the types of parties supporting forbearance and those opposing it is dramatic. The parties supporting forbearance include representatives of all types of CMRS providers, such as Specialized Mobile Radio ("SMR") operators, cellular carriers, Personal Communications Service ("PCS") providers, and organizations consisting of a mix of CMRS providers, including both licensees and applicants.² The parties opposing forbearance include one provider of SMR services,³ and two parties are resellers of

¹ Of the seventeen parties filing comments, eleven strongly support Commission forbearance from requiring wireless number portability and offer substantial evidence and factual support for their position.

² See, e.g., Comments of American Mobile Telecommunications Association, Inc.; Upstate Cellular Network ("UCN"); Personal Communications Industry Association; Primeco Personal Communications, L.P. ("PrimeCo"); United States Cellular Corporation ("USCC"); Rural Telecommunications Group ("RTG").

³ Nextel Communications, Inc ("Nextel").

wireless service.⁴ MCI Telecommunications Corporation ("MCI") also filed comments opposing forbearance, but does not indicate if it provides cellular services and, if so, in what capacity it does so. The fifth party opposing forbearance is Microcell Telecommunications, Inc. ("Microcell"), a PCS provider that obtained its license from the Government of Canada and provides PCS in Canadian cities.⁵

Equally dramatic is the contrast between the information provided by supporters of forbearance and the information provided by its opponents. As discussed below, parties urging the Commission to forbear from requiring wireless number portability provide substantial information relevant to the Commission's forbearance analysis, including the carriers' actual experiences in the wireless industry and extensive industry information and statistics on wireless competition, price levels, industry churn, customer priorities, customer service and network buildout. Parties opposing forbearance, on the other hand, make sweeping generalizations and conclusions supported by not one bit of evidence. In the face of overwhelming statistics to the contrary, these parties summarily state that the lack of wireless number portability is a barrier that impedes customers switching to a different wireless carrier and that number portability will enhance competition in the wireless industry.⁶ Making such statements is easy, but providing factual, statistical support for them is apparently more difficult. The opponents of forbearance also make no

⁴ WorldCom, Inc. identifies itself as "a provider of wireless services on a resale basis" (WorldCom Comments, p. 8), and Telecommunications Resellers Association ("TRA") is an industry association representing resellers (TRA Comments, p.1).

⁵ Microcell Comments, p. 1. Besides the five parties identified, only one other party does not provide wholehearted support for Commission forbearance. Paging Network, Inc. ("PageNet"), a paging carrier, states that it "takes no present position with respect to CTIA's rationale for a delaying the implementation of number portability, *per se*." (PageNet Comments, p. 2) PageNet urges the Commission to consider the potential effect of a delay in wireless number portability on wireless and wireline equality with regard to allocation of telephone numbers.

⁶ See Comments of Nextel, p. 5; TRA, pp. 5-6.

attempt to explain or refute widely available statistics that flatly contradict their contentions—statistics showing that customers are changing wireless carriers readily and wireless competition is thriving in the absence of wireless number portability.

Certain of the comments made in opposition to forbearance must be addressed. First, SBMS urges the Commission to consider the source when reviewing the comments of wireless resellers. As has been thoroughly documented in the record in this docket, the implementation of wireless number portability will impose tremendous costs on wireless carriers.⁷ Wireless carriers that will have to bear these costs, however, are facilities-based carriers. For wireless resellers, wireless number portability represents purely a competitive benefit without any associated expense. Consequently, their view of wireless number portability is extremely distorted and unrealistic. Obviously resellers are going to support prompt implementation of wireless number portability, without regard for whether this is truly consistent with the public interest.

WorldCom expresses concern “that CTIA’s true motivation is to avoid paying its equitable portion of LNP costs. So far, WorldCom and several other wireline carriers are shouldering the entire financial burden of implementing [local number portability].”⁸ Nothing could be further from the truth. Wireless carriers, like wireline carriers, will be paying a significant portion of the costs of wireline local number portability through the query charges imposed by wireline carriers.⁹ These charges represent an added cost for wireless carriers, without any associated direct benefit.

⁷ See, e.g., Comments of AirTouch Communications, Inc. (“AirTouch”), pp.2-3; UCN, p. 2; PrimeCo, p. 12.

⁸ WorldCom Comments, p. 8.

⁹ See Comments of Sprint Spectrum L.P. d/b/a Sprint PCS (“Sprint”), p. 1, 2.

Some parties opposing forbearance assert that postponement of wireless number portability would delay implementation of number pooling and procedures for the more efficient administration of telephone numbers.¹⁰ While wireless carriers could not participate in number pooling in the absence of wireless number portability, this would not impede the efficient administration of numbers. First, wireline number pooling can occur regardless of whether wireless number portability is implemented. Also, alternatives are available to deal with the problems of efficient telephone number administration without wireless number portability.¹¹ Further, wireless carriers already use numbers efficiently, since the use of an NXX block assigned to a wireless carrier, unlike landline carriers, is not confined to a rate center boundary.¹² Clearly, wireless number portability is not required for the efficient administration of numbers, and the need for efficient administration of numbers is no reason to require wireless number portability.

In the face of the handful of comments opposing forbearance is the stack of comments providing ample support for the Commission to conclude that, under its forbearance authority set forth in Section 10 of the Telecommunications Act of 1996 (“The Act”), it must forbear at this time from imposing on wireless carriers the requirement to implement wireless number portability.

Perhaps most telling is the actual experience with competition in the wireless marketplace in the past one or two years—since the time the Commission first looked at the wireless industry and concluded number portability is needed to enhance competition. PrimeCo expressly states that it initially supported wireless number portability on the belief

¹⁰ WorldCom Comments, p. 7; Nextel Comments, p. 5; see also PageNet Comments.

¹¹ PrimeCo Comments, pp. 15-16.

¹² Id.

that it would facilitate competition, but experience has caused it to change its position.¹³

Experience of the past couple years has shown the following:

- The absence of wireless number portability has not deterred customers from switching wireless providers, as amply demonstrated by the high rate of churn in the wireless industry. Customers simply do not place the same value on their wireless phone numbers as they do on their landline numbers.¹⁴
- Studies show that with wireless service, customers place priority on coverage, price, service reliability, availability of new features. The ability to retain their phone number when they switch carriers is not important at this time.¹⁵
- The wireless industry is highly competitive—without number portability. Consumers are reaping the benefits of this competition, most notably with lower prices.¹⁶
- The implementation of wireless number portability is extremely costly and forces wireless carriers to divert their resources from activities that, as shown by experience, enhance their ability to compete. These activities include buildout of their networks, advertising, and lowering prices.¹⁷
- Forbearance from requiring wireless number portability would serve the public interest. While this is amply demonstrated throughout the comments, RTG is particularly compelling in its explanation of how the implementation of wireless number portability

¹³ PrimeCo Comments, pp. 1,2.

¹⁴ Comments of GTE Service Corporation (“GTE”), p. 7; AirTouch, p.8; Bell Atlantic Mobile (BAM), pp. 13-15; PrimeCo, pp. 9-10, 14.

¹⁵ Comments of AirTouch, pp. 1, 4; BAM, p. 13; PrimeCo, p. 10.

¹⁶ Comments of GTE, pp. 6-7; AirTouch, pp. 5-8; UCN, pp. 1-2; BAM, pp. 10-12; PrimeCo, pp.7, 8.

¹⁷ Comments of GTE, pp. 4-5, 8; BAM, p. 18.

would both delay the provision of wireless service and reduce the number of CMRS competitors in rural areas.¹⁸

- The technological difficulties posed by wireless number portability are enormous, surpassing what was originally anticipated. Separation of the Mobile Identification Number from the Mobile Directory Number is a tremendous undertaking with far-reaching ramifications.¹⁹ In addition, a particularly challenging problem for CMRS carriers is that “every rural CMRS carrier will have to upgrade its system(s) to support roaming of ported subscribers *outside of the top 100 [Metropolitan Statistical Areas (“MSAs”)]*, despite the Commission requirement that service provider number portability be deployed initially only in the largest 100 MSAs.²⁰

The parties supporting forbearance fully demonstrate that forbearance not only is appropriate, but is actually required, under Section 10 of the Act. Wireless competition is flourishing without number portability. Because of such competition, number portability is not necessary to ensure that the charges and practices of wireless carriers are just, reasonable and nondiscriminatory; number portability is not necessary to protect consumers; and forbearance from wireless number portability is consistent with the public interest. The three-prong test of Section 10 is satisfied and Commission forbearance is required.²¹

Even in the short time period since the Commission first decided to require wireless number portability, conditions in the wireless industry have changed markedly. The salient

¹⁸ RTG Comments, pp. 2-7.

¹⁹ Comments of USCC, p. 3; AirTouch, pp. 2-3; Sprint, pp.2-3.

²⁰ RTG Comments, p.3.

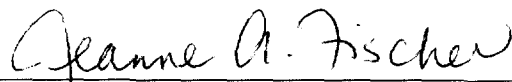
²¹ Forbearance from requiring the implementation of wireless number portability is also consistent with the Commission’s overall approach toward deregulation of CMRS carriers. Comments of PrimeCo, pp. 4,5; BAM, pp. 21-24.

change has been the tremendous growth in competition. SBMS urges the Commission to consider the actual experiences of wireless carriers, particularly the new entrants such as PCS providers, and their assertions, based on experience, that wireless number portability not only is not needed, but actually would be detrimental to competition.

The commission can reevaluate the need for wireless number portability after the PCS providers have completed their buildout obligations. Clearly, under the circumstances existing today, requiring wireless carriers to implement number portability contravenes both the letter and the intent of Section 10 of the Act. SBMS urges the Commission to forbear from requiring wireless number portability.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Susan E. Ford, hereby certify that on this 10th day of March, 1998, a copy of the foregoing was mailed by U.S. mail, postage prepaid, or otherwise delivered to the parties listed below.



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